STATEMENT OF SAMUEL G. BONASSO, P.E.
DEPUTY ADMINISTRATOR
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE
SUBCOMMITTEE ON
HIGHWAYS, TRANSIT AND PIPELINES
COMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE
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Mr. Chairman, my name is Samuel Bonasso. I am the Deputy Administrator of RSPA, the Research and Special Programs Administration of the U.S. Department of Transportation. With me is Stacey Gerard, Associate Administrator for the Office of Pipeline Safety (OPS).

Thank you for this opportunity to discuss our strategy and our long term prospects for improved safety and reliability of the Nation's pipeline infrastructure. We greatly appreciate this subcommittee's attention and support for our work.

Under Secretary Mineta's leadership, RSPA and OPS have made great strides in meeting the mandates set forth in the Pipeline Safety Improvement Act (PSIA) of 2002. My testimony today will address our responses to these mandates, including specific implementation issues, and the results of our actions. Further, I want to make you

aware of potential short and near term risks of reduced pipeline capacity and energy supply due to required pipeline testing and repairs.

The Nation's pipelines are essential to our way of life. The 2.3 million miles of natural gas and hazardous liquid pipelines carry nearly two-thirds of the energy consumed by our Nation. Pipelines are the safest and most efficient way to transport the enormous quantities of natural gas and hazardous liquids across land used by our country.

Recent increased attention to the need for pipeline safety is rooted in demographic changes taking place in our country. Suburban development in previously rural areas has placed people closer to pipelines. This increases the risk that pipeline accidents, although infrequent, can have tragic consequences. Expansion and development also means more construction activity near pipelines— the leading cause of pipeline accidents.

Pipeline safety is more than inspecting pipelines. It involves 1. having better information to understand safety problems, 2. knowing where to set the bar in safety standards, 3. advancing technology to find and fix those problems, 4. partnering with state and local governments to oversee this critical infrastructure, and 5. building alliances to prevent damage and educate the public about how to live safely with pipelines.

Pipeline safety is a top priority for the Bush Administration and for Secretary Mineta, personally. With their support, RSPA and OPS have strengthened each of these five elements in just a few years.

Expanded enforcement has been an important approach in strengthening the pipeline safety program. In the past 10 years, 57 inspectors have been added to the OPS staff, from 28 inspectors in 1994 to 85 inspectors today. Our partnerships with the states, such as our agreement with the Arizona Corporation Commission, provide several hundred more inspectors.

I. We Are Implementing A Plan

With the enactment of the PSIA, we embarked on a new, more comprehensive and informed plan to identify and manage the risks that pipeline operators face and that pipelines pose to our communities. By collecting and using better information about pipelines, today we know more about pipelines, the world they traverse, and the consequences of a pipeline failure.

1. Higher Standards

We have raised the standards for pipeline safety, through integrity management requirements and 17 other regulations, and incorporated 30 new national consensus safety standards into our regulations.

2. Better Technology

To improve the technology available to assess and repair pipelines, we have awarded almost eight million dollars, for three dozen research projects since March 2002.

3. Stronger Enforcement

Our inspections are much more rigorous. Today, we spend 240 hours on a comprehensive integrity management inspection, in contrast to 32 hours in 1996 for a standard pipeline safety inspection.

We have adopted a tough-but-fair approach to improving enforcement, making heavier use of large fines, while guiding pipeline operators to meet higher standards. We have initiated steps to ensure that penalties are collected and acknowledged promptly.

4. Better States' Partnership

We have strengthened our partnerships with state pipeline safety agencies, such as the Arizona Corporation Commission, through increased training, shared inspection data bases, a distributed information network to facilitate communications, and policy collaboration.

5. Cleaning Up Our Record

Our new record as a regulator is important to us. In the past three years, the OPS has eliminated most of a 12-year backlog of outstanding mandates and recommendations from Congress, the National Transportation Safety Board, the DOT Inspector General, and the GAO. Over the past 4 years, we have responded positively to 41 NTSB safety recommendations and are working to close the remaining 10 recommendations.

6. Preparing Partners and Going Local

Helping communities to know how they can live safely with pipelines is a very important goal. We cannot succeed in improving pipeline safety without enlisting the help of local officials. We are moving on a number of fronts:

- Working with others, we have proposed to incorporate a new standard for public education in regulations to ensure community officials and citizens have essential safety information they need to make informed decisions;
- We have commissioned a study by the Transportation Research Board of the National Academy of Sciences on issues of encroachment and maintenance on pipeline rights-of- way which will report results in July.
- We have enlisted the help of the local fire marshals to bring information and guidance to communities to build understanding of pipeline safety and first responder needs, to help identify high consequence areas in communities, and to provide an understanding of LNG operations.
- Similarly, to foster safety and environmental protection on Tribal Lands, we are working toward a partnership with the Council of Energy Resource Tribes.

II. Responding to the Pipeline Safety Improvement Act of 2002 (PSIA)

Pipelines are the arteries of our Nation's energy infrastructure and critical to the Nation's viability and well being. The Congress recognized the critical importance of pipelines when it passed the Pipeline Safety Improvement Act of 2002.

The actions described above are consistent with the PSIA, which also has given us new mandates. Under Secretary Mineta's leadership, RSPA and OPS are aggressively responding to these new mandates.

1. Integrity Management

We have completed the most significant improvement in pipeline safety standards by finalizing regulation of integrity management programs for hazardous liquid and natural gas transmission operators. Going beyond the PSIA requirements, we are studying, in conjunction with the American Gas Association, the potential for an integrity management program that would be appropriate for gas distribution and municipal operators. We and our state partners have completed comprehensive inspections of large hazardous liquid operators. During these inspections, we observed that operators had completed over 20,000 repairs, 4,400 of which were time sensitive and important to find and fix expeditiously.

2. Operator Qualification

We have completed half of the reviews of interstate operators' qualification programs and expect to meet the 2006 statutory deadline. States have made similar progress. We plan to incorporate improved consensus standards for the qualification of pipeline operators for safety critical functions when the standards are completed later this year.

3. Public Education and Mapping

We believe that communication between Federal, State and local government, the operator and the public about how to live safely with

pipelines is an important element in helping to assure the safety of our Nation's energy transportation pipeline infrastructure. Actions are underway to improve communications with state and local officials about actions they can take to protect their citizens and pipelines. We are improving opportunities for communities to understand pipeline safety and to take local action as required by the PSIA. We completed the National Pipeline Mapping system and we worked with pipeline operators to complete, by the December 2003 deadline, self assessments of their public education programs against new, higher standards.

To respond to the need for improved public awareness of pipelines, OPS, the National Association of Pipeline Safety Representatives (NAPSR), and the pipeline industry have cooperated to develop a national consensus standard─ American Petroleum Institute's Recommended Practice 1162 (RP 1162) for public education. RP1162 is designed to help pipeline operators meet new standards established in the PSIA. It requires operators to identify audiences to be contacted, effective messages and communications methods, and information for evaluating and updating public awareness programs. We have proposed incorporation of RP 1162 into our regulations.

We are starting a Crisis Communications Initiative to improve communications following an accident. In July, we will host a workshop to develop the framework for this initiative, including a pilot program on crisis communications and interagency relationships. We expect this initiative to meet national objectives and to be complementary to the Homeland Security's National Response Plan,

FERC's Liquefied Natural Gas efforts, and the National Association of Fire Marshal's education program.

4. Damage Prevention

Working with the Common Ground Alliance and the Federal Communications Commission, we have provided for a single, national three-digit number for one call systems, most likely 811. The Federal Communications Commission is expected to finalize this action later this year. This will allow all Americans to take one action to protect all pipelines from excavation damage— the major cause of pipeline damage and failure. By making it simpler to call one number to mark underground lines, we expect more people to use this important prevention service.

5. Research and Development

To provide a vision for the advancement of technology, we developed a memorandum of understanding with the Department of Energy and the National Institute of Standards and Technology for research planning, and have completed a five year plan. The plan includes a detailed management strategy for research solicitation and procurement; technology transfer and application of results; coordination and collaboration with other agencies, industry and stakeholders; approaches to communicate project findings; and methods of optimizing the use of resources.

6. Security

Since 9/11, the Department has devoted considerable attention to security across all modes of transportation, including national pipeline security. While the PSIA did not speak specifically to security, pipeline system integrity and security are inextricably linked. We maintain clear expectations for critical pipeline operators' security preparedness. With the Department of Homeland Security (DHS), we verify industry action by conducting audits of all major pipeline operators' security preparedness. OPS expanded its oil spill emergency response exercise program to include focus on security and law enforcement for maintaining the reliability of energy supply. The Department plans to continue working closely with DHS on pipeline security issues.

7. Interagency efforts to Implement Section 16 of the PSIA

Section 16 of the PSIA requires agencies with responsibilities relating to pipeline repair projects to develop and implement a coordinated process for environmental review and permitting. The interagency working group currently has five efforts underway to:

- refine early notification and Federal involvement procedures;
- identify electronic communication methods that would expedite and streamline review;
- establish practices that would reduce or minimize effects to the environment such that reviews would be expedited; and
- refine permitting and review procedures for time-sensitive pipeline repairs consistent with our regulatory and statutory obligations.

III. Keeping the Energy Infrastructure Viable

The Nation's economic viability and well-being depend on the enormous quantities of oil, fuel and natural gas transported safely, efficiently and at low cost by pipelines each and every day. The energy pipeline infrastructure in the United States represents a $31 billion investment in over 2 million miles of pipeline technology that is essential to American economic interests— a myriad of goods and services as well as millions of jobs are made possible and supported by this transportation infrastructure.

Federal integrity regulations and PSIA have significantly increased the requirements on operators to test the integrity of this infrastructure, discover any defects and make repairs before ruptures or leaks can occur during the implementation of this important safety initiative. This initiative could take more pipelines temporarily out of service for inspection, assessment and repairs and could impact the delivery of energy.

There are two aspects of this safety initiative which are being given special attention by DOT and other Federal agencies.

First, we, from our safety purview, are the agency that sees the results of the testing of multiple pipelines by multiple operators across the regions of our Nation. Our experience suggests that many repairs will be required under our integrity management regulations— potentially tens of thousands of repairs annually, and perhaps clustering in a particular region of the country.

Second, while a pipeline operator awaits permits for repairs, the operating pressure of the pipeline usually needs to be reduced to maintain a safety margin. There is a risk that the amount of pressure reductions required pending permitting of repairs could measurably reduce the energy capacity of pipeline systems in certain regions. Depending on where pipelines are located and how energy markets are impacted, pressure reductions during peak demand periods could result in fuel shortages and price increases.

The Congress recognized this potential problem and required Federal agencies to participate in an Interagency Committee to facilitate the prompt repair of our pipelines. Work is ongoing with the other relevant Federal agencies to develop guidance to ensure that any necessary Federal permits for repairs of pipelines in danger of rupture can be coordinated and expedited.

Some of the specific issues the Interagency Committee is addressing include:

- Feasibility of providing Federal permitting agencies with advance information about operator test schedule. Obtaining this information in advance could help agencies anticipate resources needed for permitting repairs and to exchange information about required actions as soon as possible. Pipeline operators, however, are concerned that by providing this information they might be expected to meet the schedule regardless of factors that are beyond their

control (weather, availability of appropriate equipment and certified crews, etc.). Operators are also concerned that the testing schedules could become public information that can not be protected as proprietary information, releasing business-sensitive and possibly security-sensitive information.

- Methods to expedite environmental reviews. The Interagency Committee is examining the required consultative processes for permitting repairs in order to determine if actions can be taken that would enable operators to carry out repairs quickly while meeting safety standards.

- Potential energy supply impacts of multiple repairs in a regional area. As we have experienced recently in gasoline markets, a small change in pipeline supplies can have a dramatic impact on fuel price. In a situation with multiple pipelines in a regional area in need of repair, OPS would work with operators to prioritize the order of repairs and maintain safety. A time sensitive repair might qualify for expedited permitting because of the potential energy supply impact. Maintaining pipeline capacity and throughput is essential in supplying fuels to regional markets and vital to the Nation's industries.

IV. We are achieving results.

Comparing years 1999 to 2003 to the previous five years, from 1994 to 1998, hazardous liquid incidents have decreased by 25 percent. By 2003, the volume of oil spilled had decreased by 15 percent from the previous 10-year average.

Excavation accidents have decreased over the past ten years by 59 percent. This is largely the result of work with our state partners and the more than 900 members of a damage prevention organization we initiated – the Common Ground Alliance (CGA). The CGA has formed 22 regional alliances to foster damage prevention activities and will soon announce two additional regional alliances, including a western regional common ground alliance, which is the result of a three-state effort led by the Arizona Corporation Commission.

In closing, I want to reassure you, Mr. Chairman, and all of the members of this subcommittee, that Secretary Mineta, RSPA and the hardworking men and women in the Office of Pipeline Safety share your strong commitment to improving safety, reliability, and public confidence in our nation's pipeline infrastructure.

I will be happy to take your questions.

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